

149 FERC ¶ 61,102  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Chairman;  
Philip D. Moeller, Tony Clark,  
and Norman C. Bay.

Grand Ridge Energy Storage LLC

Docket No. ER14-2187-003

ORDER GRANTING MARKET-BASED RATE AUTHORIZATION AND REQUEST  
FOR WAIVERS

(Issued November 6, 2014)

1. In this order, the Commission grants Grand Ridge Energy Storage LLC (Grand Ridge) authority to make wholesale sales of electric energy, capacity, and ancillary services at market-based rates, effective August 16, 2014, as requested. Also, we grant Grand Ridge's request for waiver of the Commission's requirements to file an Open Access Transmission Tariff (OATT), to establish and maintain an Open Access Same-Time Information System (OASIS), and to comply with the Commission's Standards of Conduct. We also grant Grand Ridge's request for other waivers commonly granted to market-based rate sellers, except as noted herein.
2. Additionally, we find that Grand Ridge meets the criteria for a Category 1 seller in the Northwest, Southeast, Southwest, Southwest Power Pool, and Central regions and a Category 2 seller in the Northeast region and is so designated. Accordingly, Grand Ridge must file updated market power analyses for the Northeast region in compliance with the regional reporting schedule adopted in Order No. 697.<sup>1</sup>

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<sup>1</sup> See *Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities*, Order No. 697, FERC Stats. & Regs. ¶ 31,252, at PP 848-850, *clarified*, 121 FERC ¶ 61,260 (2007), *order on reh'g*, Order No. 697-A, FERC Stats. & Regs. ¶ 31,268, *clarified*, 124 FERC ¶ 61,055, *order on reh'g*, Order No. 697-B, FERC Stats. & Regs. ¶ 31,285 (2008), *order on reh'g*, Order No. 697-C, FERC Stats. & Regs. ¶ 31,291 (2009), *order on reh'g*, Order No. 697-D, FERC Stats. & Regs. ¶ 31,305 (2010), *aff'd sub nom. Mont. Consumer Counsel v. FERC*, 659 F.3d 910 (9th Cir. 2011), *cert. denied*, 133 S. Ct. 26 (2012).

## **I. Background**

3. On June 16, 2014, as amended on June 16, 2014, July 8, 2014, August 25, 2014, and September 26, 2014, pursuant to section 205 of the Federal Power Act (FPA),<sup>2</sup> Grand Ridge filed an application for market-based rate authority with an accompanying tariff providing for the sale of electric energy, capacity, and ancillary services at market-based rates.<sup>3</sup>

4. Grand Ridge states that it is developing and plans to construct, own and operate energy storage devices with a capacity of up to 32.4 megawatts (MW) that will be located in LaSalle County, Illinois (the Project). Grand Ridge states that it will sell electric energy, capacity and/or ancillary services from the Project at wholesale. Grand Ridge states that the facility will include radial electric interconnection facilities necessary to effectuate wholesale power sales from the Project.

5. Additionally, Grand Ridge states that it will own an interest in limited, discrete interconnection facilities for the purpose of delivering the output of the Project to the Commonwealth Edison Company (ComEd) transmission system, which is controlled by PJM. Grand Ridge explains that the Project will be located in the vicinity of existing or planned wind generation facilities of Grand Ridge Energy LLC, Grand Ridge Energy II LLC, Grand Ridge Energy III LLC, Grand Ridge Energy IV LLC and Grand Ridge Energy V LLC (Grand Ridge V) (collectively, the Grand Ridge Companies), all of which are affiliates of Grand Ridge. Grand Ridge states that the Grand Ridge Companies are parties to a co-tenancy agreement that governs their joint ownership and use of interconnection facilities that connect their generation facilities to the ComEd transmission system, which each of the Grand Ridge Companies use to effectuate their respective wholesale power sales (the Grand Ridge Co-Tenancy Agreement). Grand Ridge states that the shared, jointly-owned interconnection facilities that the Grand Ridge Companies own under the Grand Ridge Co-Tenancy Agreement consist of a discrete, 1.6 mile, 138 kilovolt radial line, a substation and other related equipment. Grand Ridge states that it will need access to shared interconnection facilities in order to connect to the ComEd transmission system so that Grand Ridge can effectuate its wholesale power and ancillary services sales. Grand Ridge states that the Grand Ridge Companies and Grand Ridge have entered into an amendment to the Grand Ridge

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<sup>2</sup> 16 U.S.C. § 824d (2012).

<sup>3</sup> Grand Ridge requests authorization to sell ancillary services in the markets administered by PJM Interconnection, L.L.C. (PJM), New York Independent System Operator, Inc., ISO New England Inc., California Independent System Operator Corp., Midcontinent Independent System Operator, Inc., and Southwest Power Pool, Inc., as well as authorization to engage in the sale of certain ancillary services as a third-party provider in other markets.

Co-Tenancy Agreement (the Amended Co-Tenancy Agreement) pursuant to which Grand Ridge will become a party to the Amended Grand Ridge Co-Tenancy Agreement once it becomes effective as a rate schedule under section 205 of the FPA. Grand Ridge states that the Grand Ridge Companies and Grand Ridge have separately filed the Amended Co-Tenancy Agreement with the Commission under section 205 of the FPA. Grand Ridge states that it will also solely own certain interconnection facilities (i.e., collection lines and related equipment) for its own use (i.e., not jointly owned) that will connect to the substation that is part of the shared interconnection facilities.<sup>4</sup>

6. Grand Ridge requests with respect to its interconnection facilities that the Commission waive the requirements under Order Nos. 888<sup>5</sup> and 890<sup>6</sup> and section 35.28 of the Commission's regulations<sup>7</sup> to file an OATT, the requirements under Order No. 889<sup>8</sup> and Part 37 of the Commission's regulations<sup>9</sup> to establish an OASIS, and the

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<sup>4</sup> June 16 Initial Filing at 23-24 & n.81. *See also Grand Ridge Energy LLC*, Docket No. ER14-2189-000 (Aug. 1, 2014) (delegated letter order) (accepting Amended Assignment, Co-Tenancy, and Shared Facilities Agreement).

<sup>5</sup> *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, FERC Stats. & Regs. ¶ 31,036 (1996), *order on reh'g*, Order No. 888-A, FERC Stats. & Regs. ¶ 31,048, *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York v. FERC*, 535 U.S. 1 (2002).

<sup>6</sup> *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228, *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009)

<sup>7</sup> 18 C.F.R. § 35.28 (2014).

<sup>8</sup> *Open Access Same-Time Information System and Standards of Conduct*, Order No. 889, FERC Stats. & Regs. ¶ 31,035 (1996), *order on reh'g*, Order No. 889-A, FERC Stats. & Regs. ¶ 31,049, *reh'g denied*, Order No. 889-B, 81 FERC ¶ 61,253 (1997).

<sup>9</sup> 18 C.F.R. pt. 37 (2014).

requirements under Order Nos. 889, 2004,<sup>10</sup> and 717,<sup>11</sup> and Part 358 of the Commission's regulations<sup>12</sup> to comply with certain Standards of Conduct.

7. Grand Ridge states that it is a direct, wholly-owned subsidiary of Grand Ridge V, which is a direct, wholly-owned subsidiary of Invenergy Wind Development American LLC, which is a direct, wholly-owned subsidiary of Invenergy Wind LLC (Invenergy Wind). Grand Ridge states that Invenergy Wind is a direct, partially-owned subsidiary of Invenergy Wind Holdings LLC (Invenergy Wind Holdings), which is a direct, wholly-owned subsidiary of Invenergy Investment Company LLC (Invenergy Investment), which is a direct, wholly-owned subsidiary of Polsky Energy Investments LLC (Polsky Energy), which is a direct, wholly-owned subsidiary of Polsky Energy Holdings LLC (Polsky Energy Holdings). Grand Ridge further states that an individual, through a trust, owns and controls 98 percent of Polsky Energy Holdings. Grand Ridge states that Invenergy Wind Investment Corporation owns a *de minimis* interest in Invenergy Wind, and each of Liberty Structured Holding LLC (Liberty Holdings) and CDPQ Investments (U.S.) Inc. (CDPQ Investments) owns a passive, non-controlling, minority equity ownership interest in Invenergy Wind.

8. Grand Ridge states that, as owners of passive membership interests in Invenergy Wind, Liberty Holdings and CDPQ Investments have limited consent rights with respect to certain major actions of Invenergy Wind and Grand Ridge that are necessary to protect their economic investment and do not provide them with control over Invenergy Wind. These include, among others, the right to consent to the appointment or replacement of

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<sup>10</sup> *Standards of Conduct for Transmission Providers*, Order No. 2004, FERC Stats. & Regs. ¶ 31,155 (2003), *order on reh'g*, Order No. 2004-A, FERC Stats. & Regs. ¶ 31,161, *order on reh'g*, Order No. 2004-B, FERC Stats. & Regs. ¶ 31,166, *order on reh'g*, Order No. 2004-C, FERC Stats. & Regs. ¶ 31,172 (2004), *order on reh'g*, Order No. 2004-D, 110 FERC ¶ 61,320 (2005), *vacated and remanded as it applies to natural gas pipelines sub nom. National Fuel Gas Supply Corp. v. FERC*, 468 F.3d 831 (D.C. Cir. 2006); *see Standards of Conduct for Transmission Providers*, Order No. 690, FERC Stats. & Regs. ¶ 31,237, *order on reh'g*, Order No. 690-A, FERC Stats. & Regs. ¶ 31,243 (2007); *see also Standards of Conduct for Transmission Providers*, Notice of Proposed Rulemaking, FERC Stats. & Regs. ¶ 32,611 (2007); Notice of Proposed Rulemaking, FERC Stats. & Regs. ¶ 32,630 (2008).

<sup>11</sup> *Standards of Conduct for Transmission Providers*, Order No. 717, FERC Stats. & Regs. ¶ 31,280 (2008), *order on reh'g*, Order No. 717-A, FERC Stats. & Regs. ¶ 31,297, *order on reh'g*, Order No. 717-B, 129 FERC ¶ 61,123 (2009), *order on reh'g*, Order No. 717-C, 131 FERC ¶ 61,045 (2010), *order on reh'g*, Order No. 717-D, 135 FERC ¶ 61,017 (2011).

<sup>12</sup> 18 C.F.R. pt. 358 (2014).

the President, Chief Executive Officer (if any) or the Chief Financial Officer (collectively, Key Officers) of Invenergy Wind in certain circumstances, or to a material adverse change or limit in their responsibilities (Key Officer Consent Rights). In addition, in certain limited circumstances, the passive investors have the right to remove Invenergy Wind Holdings as the managing member of Invenergy Wind. Specifically, these include circumstances in which there is “cause” (viz. gross negligence, willful misconduct, or fraud) for removal of Invenergy Wind Holdings as manager, and if Invenergy Wind Holdings and its affiliates hold less than 33.3 percent of the membership interests in Invenergy Wind (Manager Removal Right). Further, Liberty Holdings has the right to consent to a change in control of Invenergy Wind in circumstances where Invenergy Wind Holdings no longer owns more than 50 percent of the voting interests in Invenergy Wind and it is no longer the managing member, or where a single member has the right to appoint a new managing member if Invenergy Wind Holdings resigns, or if Invenergy Wind Holdings no longer holds more than 33.3 percent of the voting interests in Invenergy Wind (Change of Control Consent Right).<sup>13</sup> Grand Ridge states that these passive investor consent rights and removal rights are consistent with Commission precedent<sup>14</sup> because they are necessary to protect passive investors’ economic investment and do not provide passive investors with control over Invenergy Wind.

9. In its September 26, 2014, filing, Grand Ridge elaborates on why the Key Officer Consent Rights, Manager Removal Right, and Change of Control Consent Right are fully consistent with the principles established in *AES Creative* as passive rights that are necessary to protect the passive investors’ investments and do not confer control. Specifically, Grand Ridge represents that because Key Officers have significant management roles in Invenergy Wind, CDPQ Investments’ and Liberty Holdings’ right to consent to a materially adverse change or limit of a Key Officer’s responsibilities does not confer them with control and instead simply provides them with the right to protect their interests in a circumstance that proposes a fundamental change in factors that could affect their investment. Grand Ridge further states that rights to consent to changes in control in Invenergy Wind are passive and intended to enable Liberty Holdings to protect its fundamental business interests in Invenergy Wind, and do not provide Liberty Holdings with control over Invenergy Wind Holdings or Invenergy Wind or their operations. Finally, Grand Ridge states that the Manager Removal Right is based on an objective cause criterion tied to a decrease of Invenergy Wind Holdings’ ownership stake in Invenergy Wind below a defined threshold because such lower ownership percentage could have an effect on CDPQ Investments’ and Liberty Holdings’ investment. Grand Ridge further states that the fact that the passive holders have the

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<sup>13</sup> These consent and removal rights are summarized in Exhibit B to the August 25, 2014 filing and in the September 26, 2014 filing.

<sup>14</sup> See *AES Creative Resources, L.P.*, 129 FERC ¶ 61,239 (2009) (*AES Creative*).

right to vote in favor of removal of Invenergy Wind Holdings for cause (and not arbitrarily) in these circumstances does not confer them with control over Invenergy Wind, or its or its public utility subsidiaries' day-to-day operations, nor does it vest them with managing member rights; it simply allows the passive owners to protect their investment.

10. Finally, Grand Ridge states that Invenergy Investment holds indirect ownership interests in public utilities that own generation or transmission facilities and/or have rate schedules or tariffs that have been accepted for filing by the Commission.

## **II. Notice of Filings**

11. Notice of Grand Ridge's filings was published in the *Federal Register*,<sup>15</sup> with interventions and protests due on or before October 17, 2014. None was filed.

12. Notice of Grand Ridge's request for blanket authorization under Part 34 of the Commission's regulations was separately published in the *Federal Register*,<sup>16</sup> with interventions or protests due on or before July 14, 2014. None was filed.

## **III. Discussion**

13. As discussed below, we will grant Grand Ridge's request for authorization to make wholesale sales of electric energy, capacity, and ancillary services at market-based rates,<sup>17</sup> and we will accept its market-based rate tariff, effective August 16, 2014, as requested. We will also grant Grand Ridge's request for certain waivers.

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<sup>15</sup> 79 Fed. Reg. 35,750; 79 Fed. Reg. 35,749; 79 Fed. Reg. 41,267; 79 Fed. Reg. 52,315; 79 Fed. Reg. 59,765 (2014).

<sup>16</sup> 79 Fed. Reg. 36,510 (2014).

<sup>17</sup> We note that Grand Ridge is not being granted authority to make third-party sales of operating reserves to a public utility that is purchasing ancillary services to satisfy its own open access transmission tariff requirements to offer ancillary services to its own customers. If Grand Ridge seeks such authority, it must make the required showing and receive Commission authorization prior to making such sales. *See Third-Party Provision of Ancillary Services; Accounting and Financial Reporting for New Electric Storage Technologies*, Order No. 784, FERC Stats. & Regs. ¶ 31,349, at PP 200-202 (2013), *order on clarification*, Order No. 784-A, 146 FERC ¶ 61,114 (2014).

**A. Market-Based Rate Authorization**

14. The Commission allows power sales at market-based rates if the seller and its affiliates do not have, or have adequately mitigated, horizontal and vertical market power.<sup>18</sup>

**1. Horizontal Market Power**

15. The Commission has adopted two indicative screens for assessing horizontal market power: the pivotal supplier screen and the wholesale market share screen.<sup>19</sup> The Commission has stated that passage of both screens establishes a rebuttable presumption that the applicant does not possess horizontal market power, while failure of either screen creates a rebuttable presumption that the applicant has horizontal market power.<sup>20</sup>

16. Grand Ridge relies on AlphaGen Power LLC's recently-accepted market power analysis to demonstrate that Grand Ridge passes both the pivotal supplier and the wholesale market share screens for the PJM market.<sup>21</sup> Accordingly, we find that Grand Ridge satisfies the Commission's requirements for market-based rates regarding horizontal market power.

**2. Vertical Market Power**

17. In cases where a public utility, or any of its affiliates, owns, operates, or controls transmission facilities, the Commission requires that there be a Commission-approved OATT on file or that the seller has received waiver of the OATT requirement before granting a seller market-based rate authorization.<sup>22</sup>

18. In this case, as discussed more fully below, the Commission will grant Grand Ridge's request for waiver of the requirement to have an OATT on file for the

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<sup>18</sup> Order No. 697, FERC Stats. & Regs. ¶ 31,252 at PP 62, 399, 408, 440.

<sup>19</sup> *Id.* P 62.

<sup>20</sup> *Id.* PP 33, 62-63.

<sup>21</sup> See June 16, 2014 Initial Filing at 27 (citing *AlphaGen Power LLC*, Docket No. ER14-630-001 (Feb. 26, 2014) (delegated letter order)).

<sup>22</sup> Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 408.

interconnection facilities.<sup>23</sup> Grand Ridge's affiliates, Wolverine Creek Goshen Interconnection, LLC, Wolverine Creek Energy LLC (the managing member of Wolverine Creek Goshen Interconnection, LLC), Hardee Power Partners Limited, Bishop Hill Interconnection LLC, the Grand Ridge Companies, Bishop Hill Energy LLC, Bishop Hill Energy III LLC, California Ridge Wind Energy LLC, Gratiot County Wind LLC, Gratiot County Wind II LLC, and Prairie Breeze Wind Energy LLC, have been granted waiver of the Commission's OATT requirements.<sup>24</sup>

19. The Commission also considers a seller's ability to erect other barriers to entry as part of the vertical market power analysis.<sup>25</sup> The Commission requires a seller to provide a description of its ownership or control of, or affiliation with an entity that owns or controls, intrastate natural gas transportation, intrastate natural gas storage or distribution facilities; sites for new generation capacity development; and physical coal supply sources and ownership of or control over who may access transportation of coal supplies (collectively, inputs to electric power production).<sup>26</sup>

20. The Commission also requires sellers to make an affirmative statement that they have not erected barriers to entry into the relevant market and will not erect barriers to entry into the relevant market.<sup>27</sup> The Commission adopted a rebuttable presumption that

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<sup>23</sup> A generator lead line is a transmission facility. *See* 16 U.S.C. §§ 796(23), 824(a)-(b) (2012). Grand Ridge is subject to the requirement under Order Nos. 888 and 890 to file an OATT, or seek a waiver of the requirement to file an OATT, unless and until it receives a request for transmission service. *See Milford Wind Corridor, LLC*, 129 FERC ¶ 61,149, at P 24 (2009) (noting that the fact that the facilities merely tie a generator to the grid does not render a line exempt from the Commission's regulation of transmission facilities). *See also Evergreen Wind Power III, LLC*, 135 FERC ¶ 61,030, at P 15 n.18 (2011).

<sup>24</sup> June 16 Initial Filing at 30-31 (citing *Wolverine Creek Goshen Interconnection LLC and Wolverine Creek Energy LLC*, Docket No. ER06-267-000 (Jan. 13, 2006) (delegated letter order); *Hardee Power Partners Limited*, 125 FERC ¶ 61,036 (2008); *Bishop Hill Interconnection LLC*, 138 FERC ¶ 61,159 (2012); *Grand Ridge Energy*, 128 FERC ¶ 61,134 (2009); *Bishop Hill Energy LLC*, 137 FERC ¶ 61,211 (2011); *California Ridge Wind Energy LLC*, 139 FERC ¶ 61,019 (2012); *The Detroit Edison Co.*, 136 FERC ¶ 61,210 (2011); *Prairie Breeze Wind Energy LLC*, 145 FERC ¶ 61,290 (2013)).

<sup>25</sup> Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 440.

<sup>26</sup> Order No. 697-A, FERC Stats. & Regs. ¶ 31,268 at P 176.

<sup>27</sup> Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 447.



the ownership or control of, or affiliation with any entity that owns or controls, inputs to electric power production does not allow a seller to raise entry barriers but will allow intervenors to demonstrate otherwise.<sup>28</sup>

21. Regarding other barriers to entry, Grand Ridge represents that it does not, nor do Invenergy Wind, Invenergy Investment, Polsky Energy or their affiliates, own or control: (i) intrastate natural gas transportation, storage or distribution facilities or companies that own or control such facilities; or (ii) coal resources or transportation facilities or companies that own or control such things. Grand Ridge states that it owns or has rights to land upon which it is building its generation facility. It further states that its affiliates own or have control rights to land in various parts of the United States for generation capacity development and have submitted descriptions of the sites for the development of new generation in compliance with the Commission's regulations that require that a company with market-based rate authority submit such quarterly reports.

22. Finally, consistent with Order No. 697, Grand Ridge affirmatively states that it and its affiliates have not erected barriers to entry, and will not erect barriers to entry, in the relevant geographic market.

23. Based on Grand Ridge's representations, and our determinations discussed below, we find that Grand Ridge satisfies the Commission's requirements for market-based rates regarding vertical market power.

## **B. Waiver Requests**

### **1. OATT, OASIS, and Standards of Conduct**

24. Grand Ridge seeks waiver of the requirements to file an OATT, establish and maintain an OASIS, and abide by the Standards of Conduct with respect to the interconnection facilities that it owns. In support, Grand Ridge represents that it will own and utilize the interconnection facilities for the purpose of delivering the output of the Project to the ComEd transmission system, which is controlled by PJM. Grand Ridge states that such interconnection facilities do not form an integrated transmission grid.

25. Order Nos. 888 and 890 and section 35.28 of the Commission's regulations require public utilities that own, operate, or control facilities used for the transmission of electric energy in interstate commerce to file an OATT. Order No. 889 and Part 37 of the Commission's regulations require public utilities to establish and maintain an OASIS. Order Nos. 889, 2004, and 717 and Part 358 of the Commission's regulations require

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<sup>28</sup> *Id.* P 446.

public utilities to abide by certain Standards of Conduct.<sup>29</sup> In prior orders, the Commission has enunciated the standards for exemption from some or all of the requirements of Order Nos. 888, 889, and 890.<sup>30</sup> The Commission has stated that the criteria for waiver of the requirements of Order No. 890 and Order No. 2004 are unchanged from those used to evaluate requests for waiver under Order Nos. 888 and 889.<sup>31</sup> Order No. 717 did not change those criteria.<sup>32</sup>

26. The Commission may grant requests for waiver of the obligation to file an OATT to public utilities that can show that they own, operate, or control only limited and discrete transmission facilities (facilities that do not form an integrated transmission grid), until such time as the public utility receives a request for transmission service. Should the public utility receive such a request, the Commission has determined that the public utility must file with the Commission a *pro forma* tariff within 60 days of the date of the request, and must comply with any additional requirements that are effective on the date of the request.<sup>33</sup>

27. The Commission has also determined that waiver of the requirement to establish an OASIS and abide by the Standards of Conduct would be appropriate for a public utility if the applicant: (1) owns, operates, or controls only limited and discrete transmission facilities (rather than an integrated transmission grid); or (2) is a small public utility that owns, operates, or controls an integrated transmission grid, unless other circumstances are present that indicate that a waiver would not be justified.<sup>34</sup> The

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<sup>29</sup> Order No. 889, FERC Stats. & Regs. ¶ 31,035 at 31,590; Order No. 2004, FERC Stats. & Regs. ¶ 31,155 at P 16; Order No. 717, FERC Stats. & Regs. ¶ 31,280 at P 313.

<sup>30</sup> See, e.g., *Black Creek Hydro, Inc.*, 77 FERC ¶ 61,232, at 61,941 (1996) (*Black Creek*); *Entergy Mississippi, Inc.*, 112 FERC ¶ 61,228, at P 22 (2005) (*Entergy*).

<sup>31</sup> See *Alcoa Power Generating Inc.*, 120 FERC ¶ 61,035, at P 3 (2007); *Alcoa Power Generating Inc.*, 108 FERC ¶ 61,243, at P 27 (2004).

<sup>32</sup> See Order No. 717, FERC Stats. & Regs. ¶ 31,280 at PP 31-33.

<sup>33</sup> *Black Creek*, 77 FERC ¶ 61,232 at 61,941.

<sup>34</sup> *Id.* Although the Commission originally precluded waiver of the requirements for OASIS and the Standards of Conduct for a small public utility that is a member of a tight power pool, in *Black Hills Power, Inc.*, 135 FERC ¶ 61,058, at PP 2-3 (2011) (*Black Hills*), the Commission explained that membership in a tight power pool is no longer a factor in the determination for waiver of Standards of Conduct. Moreover, *Black Hills* did not affect waivers based on a public utility disposing of no more than 4 million megawatt-hours annually.

Commission has held that waiver of Order No. 889 will remain in effect until the Commission takes action in response to a complaint to the Commission that an entity evaluating its transmission needs could not get the information necessary to complete its evaluation (for OASIS waivers) or an entity complains that the public utility has unfairly used its access to information about transmission to benefit the utility or its affiliate (for Standards of Conduct waivers).<sup>35</sup>

28. Based on the statements in Grand Ridge's application, we find that its interconnection facilities qualify as limited and discrete. Grand Ridge will use the interconnection facilities solely to interconnect the Project to the transmission grid. Accordingly, we will grant Grand Ridge waiver of the requirements of Order Nos. 888 and 890 and section 35.28 of the Commission's regulations to have an OATT on file with respect to the interconnection facilities. However, if Grand Ridge receives a request for transmission service, it must file with the Commission a *pro forma* OATT within 60 days of the date of the request.<sup>36</sup>

29. The Commission will also grant Grand Ridge waiver of the requirements of Order No. 889 and Part 37 of the Commission's regulations with respect to OASIS and Order Nos. 889, 2004, and 717 and Part 358 with respect to the Standards of Conduct. We note that Grand Ridge's waiver of the requirement to establish an OASIS will remain in effect until the Commission takes action in response to a complaint to the Commission that an entity evaluating its transmission needs could not get the information necessary to complete its evaluation.<sup>37</sup> Likewise, Grand Ridge's waiver of the Standards of Conduct will remain in effect unless and until the Commission takes action on a complaint by an entity that Grand Ridge has unfairly used its access to information to unfairly benefit itself or its affiliates.<sup>38</sup>

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<sup>35</sup> *Entergy*, 112 FERC ¶ 61,228 at P 23 (citing *Central Minnesota Municipal Power Agency*, 79 FERC ¶ 61,260, at 62,127 (1997) (*Central Minnesota*); *Easton Utils. Comm'n*, 83 FERC ¶ 61,334, at 62,343 (1998) (*Easton*)).

<sup>36</sup> *Black Creek*, 77 FERC ¶ 61,232 at 61,941.

<sup>37</sup> *Entergy*, 112 FERC ¶ 61,228 at P 23 (citing *Central Minnesota*, 79 FERC ¶ 61,260 at 62,127; *Easton*, 83 FERC ¶ 61,334 at 62,343).

<sup>38</sup> *Id.* Grand Ridge must notify the Commission if there is a material change in facts that affect its waiver within 30 days of the date of such change. *Material Changes in Facts Underlying Waiver of Order No. 889 and Part 358 of the Commission's Regulations*, 127 FERC ¶ 61,141, at P 5 (2009).

## 2. Other Waivers and Authorizations

30. Grand Ridge also requests the following waivers and authorizations: (1) waiver of the filing requirements of subparts B and C of Part 35 of the Commission's regulations, except sections 35.12(a), 35.13(b), 35.15, and 35.16; (2) waiver of the accounting and other requirements of Parts 41, 101, and 141 of the Commission's regulations, except sections 141.14 and 141.15; and (3) blanket authorization under section 204 of the FPA<sup>39</sup> and Part 34 of the Commission's regulations for all future issuances of securities and assumptions of liability.

31. The Commission will grant the requested waivers and authorizations consistent with those granted to other entities with market-based rate authorizations.<sup>40</sup> Notwithstanding the waiver of the accounting and reporting requirements, the Commission expects Grand Ridge to keep its accounting records in accordance with generally accepted accounting principles.

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<sup>39</sup> 16 U.S.C. § 824c (2012).

<sup>40</sup> We note that the Commission has examined and approved the continued applicability of the waiver of its accounting and reporting requirements in Parts 41, 101, and 141 of the Commission's regulations, as well as the continued applicability of the blanket authorization for the issuance of securities and the assumption of liabilities in Part 34 of the Commission's regulations. *See* Order No. 697, FERC Stats. & Regs. ¶ 31,252 at PP 984-985 (regarding waiver of Parts 41, 101, and 141) and PP 999-1000 (regarding blanket approval under Part 34). However, waiver of the provisions of Part 101 that apply to hydropower licensees is not granted with respect to licensed hydropower projects. Hydropower licensees are required to comply with the requirements of the Uniform System of Accounts pursuant to 18 C.F.R. Part 101 to the extent necessary to carry out their responsibilities under Part I of the FPA. We further note that a licensee's status as a market-based rate seller under Part II of the FPA does not exempt it from its accounting responsibilities as a licensee under Part I of the FPA. *See Seneca Gen., LLC*, 145 FERC ¶ 61,096, at P 23 n.20 (2013) (citing *Trafalgar Power Inc.*, 87 FERC ¶ 61,207, at 61,798 (1999) (noting that "all licensees are required to comply with the requirements of the Uniform System of Accounts to the extent necessary to carry out their responsibilities under [s]ections 4(b), 10(d) and 14 of the FPA")).

### C. Reporting Requirements

32. An entity with market-based rate authorization must file an Electric Quarterly Report (EQR) with the Commission, consistent with Order Nos. 2001<sup>41</sup> and 768,<sup>42</sup> to fulfill its responsibility under FPA section 205(c)<sup>43</sup> to have rates on file in a convenient form and place.<sup>44</sup> Grand Ridge must file EQRs electronically with the Commission consistent with the procedures set forth in Order No. 770.<sup>45</sup> Failure to timely and accurately file an EQR is a violation of the Commission's regulations for which Grand Ridge may be subject to refund, civil penalties, and/or revocation of market-based rate authority.<sup>46</sup>

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<sup>41</sup> *Revised Public Utility Filing Requirements*, Order No. 2001, FERC Stats. & Regs. ¶ 31,127, *reh'g denied*, Order No. 2001-A, 100 FERC ¶ 61,074, *reh'g denied*, Order No. 2001-B, 100 FERC ¶ 61,342, *order directing filing*, Order No. 2001-C, 101 FERC ¶ 61,314 (2002), *order directing filing*, Order No. 2001-D, 102 FERC ¶ 61,334, *order refining filing requirements*, Order No. 2001-E, 105 FERC ¶ 61,352 (2003), *order on clarification*, Order No. 2001-F, 106 FERC ¶ 61,060 (2004), *order revising filing requirements*, Order No. 2001-G, 120 FERC ¶ 61,270, *order on reh'g and clarification*, Order No. 2001-H, 121 FERC ¶ 61,289 (2007), *order revising filing requirements*, Order No. 2001-I, FERC Stats. & Regs. ¶ 31,282 (2008).

<sup>42</sup> *Electricity Mkt. Transparency Provisions of Section 220 of the Fed. Power Act*, Order No. 768, FERC Stats. & Regs. ¶ 31,336 (2012), *order on reh'g*, Order No. 768-A, 143 FERC ¶ 61,054 (2013).

<sup>43</sup> 16 U.S.C. § 824d(c) (2012).

<sup>44</sup> *See Revisions to Electric Quarterly Report Filing Process*, Order No. 770, FERC Stats. & Regs. ¶ 31,338, at P 3 (2012) (citing Order No. 2001, FERC Stats. & Regs. ¶ 31,127 at P 31).

<sup>45</sup> Order No. 770, FERC Stats. & Regs. ¶ 31,338.

<sup>46</sup> The exact filing dates for these reports are prescribed in 18 C.F.R. § 35.10b (2014). Forfeiture of market-based rate authority may require a new application for market-based rate authority if the applicant wishes to resume making sales at market-based rates.

33. Additionally, Grand Ridge must timely report to the Commission any change in status that would reflect a departure from the characteristics the Commission relied upon in granting market-based rate authority.<sup>47</sup>

34. In Order No. 697, the Commission created two categories of sellers.<sup>48</sup> Category 1 sellers are not required to file regularly scheduled updated market power analyses. Category 1 sellers are wholesale power marketers and wholesale power producers that own or control 500 MW or less of generation in aggregate per region; that do not own, operate, or control transmission facilities other than limited equipment necessary to connect individual generation facilities to the transmission grid (or have been granted waiver of the requirements of Order No. 888); that are not affiliated with anyone that owns, operates, or controls transmission facilities in the same region as the seller's generation assets; that are not affiliated with a franchised public utility in the same region as the seller's generation assets; and that do not raise other vertical market power issues.<sup>49</sup> Sellers that do not fall into Category 1 are designated as Category 2 sellers and are required to file updated market power analyses.<sup>50</sup>

35. Grand Ridge states that it meets the criteria for a Category 1 Seller in the Northwest, Southeast, Southwest, Southwest Power Pool and Central regions because it does not own or control any generation in those regions. Grand Ridge represents that the only interconnection facilities that it will own interests in will be the limited equipment, located only in the Northeast region, necessary to connect the Project to transmission facilities owned by ComEd. Grand Ridge represents that while its affiliates own, or plan to own, generation assets (and limited interconnection facilities to deliver power from such generation assets) that are located in the Northwest, Southeast, Southwest, Southwest Power Pool and Central regions, Grand Ridge does not own or control them and they are not (or will not be) located in the same region in which Grand Ridge's energy assets and limited interconnection facilities will be located. Grand Ridge states that it is not an affiliate of a franchised public utility in any region and that there are no other vertical market power concerns.

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<sup>47</sup> *Reporting Requirement for Changes in Status for Public Utilities with Market-Based Rate Authority*, Order No. 652, FERC Stats. & Regs. ¶ 31,175, *order on reh'g*, 111 FERC ¶ 61,413 (2005); 18 C.F.R. § 35.42 (2014).

<sup>48</sup> Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 848.

<sup>49</sup> 18 C.F.R. § 35.36(a) (2014).

<sup>50</sup> Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 850.

36. Grand Ridge represents that it will be affiliated with more than 500 MW of generation capacity in the Northeast region. Therefore, Grand Ridge represents that it is a Category 2 Seller in the Northeast region.

37. Based on Grand Ridge's representations, we designate Grand Ridge as a Category 2 seller in the Northeast region and a Category 1 seller in the Northwest, Southeast, Southwest, Southwest Power Pool and Central regions. Grand Ridge must file updated market power analyses for the Northeast region in compliance with the regional reporting schedule adopted in Order No. 697.<sup>51</sup> The Commission also reserves the right to require such an analysis at any time for any region.<sup>52</sup>

The Commission orders:

(A) Grand Ridge's market-based rate tariff is hereby accepted for filing, effective August 16, 2014, as requested, as discussed in the body of this order.

(B) Waiver of the provisions of Subparts B and C of Part 35 of the Commission's regulations, with the exception of sections 35.12(a), 35.13(b), 35.15, and 35.16, is hereby granted.

(C) Waiver of Part 101 of the Commission's regulations is hereby granted, with the exception that waiver of the provisions of Part 101 that apply to hydropower licensees is not granted with respect to licensed hydropower projects. Waiver of Parts 41 and 141 of the Commission's regulations is hereby granted, with the exception of sections 141.14 and 141.15.

(D) Blanket authorization under Part 34 of the Commission's regulations for all future issuances of securities and assumptions of liability is hereby granted. Grand Ridge is hereby authorized to issue securities and assume obligations or liabilities as guarantor, indorser, surety, or otherwise in respect of any security of another person; provided that such issue or assumption is for some lawful object within the corporate purposes of Grand Ridge, compatible with the public interest, and reasonably necessary or appropriate for such purposes.

(E) The Commission reserves the right to modify this order to require a further showing that neither the public nor private interests will be adversely affected by continued Commission approval of Grand Ridge's issuance of securities or assumptions of liability.

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<sup>51</sup> *Id.*

<sup>52</sup> *Id.* P 853.

(F) Grand Ridge's request for waiver of the requirements to file an OATT, to establish and maintain an OASIS, and to comply with the Standards of Conduct is hereby granted, as discussed in the body of this order.

(G) Grand Ridge is hereby required to file EQRs in compliance with Order No. 2001. If the effective date of Grand Ridge's market-based rate tariff falls within a quarter of the year that has already expired, Grand Ridge's EQRs for the expired quarter are due within 30 days of the date of this order.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.